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RAILROAD PROJECT TIED TO COAL MINE QUICKLY ROUNDS INTO SHAPE NORTH OF BILLINGS

By Linda Halstead-Acharya

BROADVIEW - Even against the vast backdrop of range and rolling farmland 25 miles north of Billings, the railroad project seems massive. And it has sprung up virtually overnight.

In July, the Bull Mountain Mine south of Roundup sold to two Ohio-based firms, Boich Cos., a coal company, and FirstEnergy Corp., a utility. By August, Ames Construction was already digging the bed for a 35-mile-long rail spur that will connect the recently renamed Signal Peak Energy Mine to the Burlington Northern Santa Fe Railroad track passing through Broadview. The rail corridor extends from just east of Highway 87 to just west of Highway 3.

Now, only two months into the groundwork, Ames project manager Ernie Green reports that nearly one third of the earth to be moved - 9.6 million cubic feet, or enough to cover a football field one mile deep - has already been cleared out.

"They tasked us with a very tough schedule to meet, so we've been very aggressive from the startup," he said.

Michael Placha is vice president of both Signal Peak Energy and Global Rail Group LLC, which will operate the railroad. Providing a harsh winter doesn't stymie their plans, Placha said the companies have targeted August 2009 to have trains running on the new rail.

"For the folks that measure railroads, it is a significant event in terms of length and length of time," he said.

No small feat

In fact, the project is the largest railroad construction project in Montana since the 1970s, when the Burlington Northern and the Chicago Northwestern built 100-mile lines into the Powder River Basin. The proposed 130-mile Tongue River Railroad received federal approval in October 2007 but has yet to be built.

How was Global Rail able to unleash its project so quickly?

"It really is a combination of work and land acquisition that dates back to 15 years ago," Placha said.

For more than a decade, a parade of companies have sought to develop what is now the Signal Peak Energy Mine. And from the get-go, he said, the construction of a rail line has been part of the discussion. As former companies laid the groundwork for the "someday" project, they purchased roughly 2,000 acres of right-of-way from about two dozen landowners. Likewise, Signal Peak's predecessors lined up permits and contractors in preparation for the project's fruition.

So when Boich Cos. and FirstEnergy Corp. came up with the cash - an estimated \$400 million to \$450 million for the mine and related developments, of which about \$100 million is likely to be invested in rail construction - the new rail line suddenly took shape.

"This project has a lot of history, and we arrived in it late," Placha said. "But it's going very well for us, and we're fully funded."

Ramping up

Within a week of signing the contract in late July, Ames had management on site and equipment was rolling in. On short notice, Green lined up manpower. Some of the 130 workers now on site - Green anticipates 150 at full production - came from Ames' regional office in Minnesota. The majority, however, were local union hires, he said. To get new staffers up to speed quickly, Ames built its own small training center behind its Billings Heights office.

Working around the clock, three shifts are digging, scraping, hauling, blasting and watering roads in four key construction areas.

"We're working generally west to east," Green said. "But it could spread out over a fairly large area."

Anyone driving through the area is cautioned to be on the lookout at road crossings, where massive coal-hauler-sized Caterpillar trucks are buzzing back and forth with 100-ton loads.

All told, the project involves several at-grade crossings and five strategic road crossings. Of the latter, some have been designed with bridges that pass over the railroad and some, like the crossing at Highway 87, will bridge the railroad over the highway.

One of the largest construction cuts is on Oswald Road, roughly eight miles east of Broadview and just south of Twenty-one Mile Road. The excavation slices 80 to 90 feet into the highest hill in the area. Design standards call for the grade not to exceed one percent, Green explained.

Moving dirt

As Ames prepares the rail corridor, subcontractor Volkmann Railroad Builders of Wisconsin is gearing up to lay rail. In business since 1975, the company has built numerous rail lines, including the track that carried the Atlas Five rocket to the launch pad at Cape Canaveral in Florida. Rick Volkmann, president and founder of the company, said the company had waited seven years for the Global Rail project to take off.

"We just sat and waited," he said. "We would re-price the project just about every year."

As the cost of steel skyrocketed, the estimate soared by 80 percent.

Now that work is under way, Volkmann is beginning to amass some of the 88,000 concrete ties that will be used to support the 35 miles of rail. Using concrete ties is a fairly new practice and can be used only when constructing a new line.

"You don't mix concrete ties with wood ties," he said.

Though more expensive at the front end, over the long term concrete ties save money, he said.

The 8,800 tons of rail, in 1,600-foot lengths, will be transported to the area from Colorado. It will arrive on a special articulated rail train that has the capacity to haul seven miles of rail, Placha said.

"The rail is flexible enough so it will bend around those curves," he said.

Finishing touches

As the rail bed is prepared, Volkmann will follow. Ties will be laid and rails will be placed alongside the grade. Then it's just a matter of threading the rail onto the ties. Rail clips will be installed to hold the rail to the ties, after which ballast - crushed rock - will be spread and tamped in.

Once the rail line is straightened and leveled, it's good to go.

Ames, too, has its own finishing touches. Though construction appears raw right now, a finishing crew will clean up the construction site and disturbed areas will be re-seeded, Green said.

Because of the specific nature of the equipment involved, many of the workers will come in from Wisconsin. But employees from the Joliet-based Montana Railroad Services have also been hired to help out.

The real deal

On the local front, commissioners in Yellowstone and Musselshell counties - the track is split between the two - welcome the economic shot in the arm.

"It's been such a hot-and-cold deal," Yellowstone County Commissioner Jim Reno said. "But this appears to be the real deal. It's comforting to see they're moving dirt."

Reno said commissioners from the two counties are working together, hoping to stave off problems like the conflict over taxes that divided Stillwater and Sweet Grass counties on minerals in the Stillwater Complex.

As for the railroad, Reno already has visions of expanded capabilities. If the coal line could accommodate other types of freight, the spur has the potential of opening up the north end of Billings to a new industrial park.

"And it could take heavy industries out of our air shed," he said.

In Musselshell County, Commissioner Larry Lekse senses excitement infusing the community.

"It's awesome," he said. "Everywhere you look, you see people working."

The quick pace of development has the Musselshell County commissioners struggling to address impacts to roads and intersections. Lekse said he has been arguing with the Montana Department of Transportation for assistance in making them safe.

"The highway department's attitude is, we don't have the funds," he said. "My argument is, it's a coal-related impact."

Not all rosy

While local governments eagerly anticipate a boost in tax revenues - Yellowstone County Treasurer Max Lennington guesses the railroad could add \$100,000 annually to the county's coffers - a few nearby landowners are not thrilled with the dust, noise, traffic and washboard roads.

Julie and Jim Jorgenson, who live close to the midpoint of the rail line corridor, sold a five-acre corner of their property for the project. Living with the increased activity and the bright lights has taken some adjustment.

"It looks like an airport," Julie said.

But they - and several neighbors - are quick to compliment Ames construction crews.

"These guys don't mess around," Jim said. "They're a class act. They're good people."

A few miles to the west, the rail corridor split Rueben and Lorraine Eckman's property in

two. The wells that provide water for their cattle are on the same side as the project, leaving some of his better grazing ground beyond reach.

According to plans, two underpasses are to be installed beneath the railroad bed. But the underpass is so narrow, Eckman figures he'll have to fold in his mirrors to drive his pickup through. And the 200-foot length of the underpass is bound to deter cattle from using it.

Eckman believes he was the last to sell his right-of-way, and he said former developers pressured him with threats of condemnation. Looking back, he said \$1 million wouldn't have been near enough for his property. He laughed when asked if his payment came anywhere close to that figure.

He said he's not against progress and realizes the project creates jobs. Like Jorgenson, Eckman speaks highly of the Ames foreman who "tries his darndest to get this done the right way."

But the Eckmans long for construction to be over.

"It's not all a party," he said. "We knew it was going to happen one of these years after we sold the ground. But now I just wish they'd get done and get out of here."